


**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: JUL -6 2007

SUBJECT: Fiscal Impact Statement: "Compensation Agreement for Employees Represented by the National Union of Hospital and Health Care Employees, 1199 and the American Federation of State, County, and Municipal Employees Local 3758, AFL-CIO Approval Resolution of 2007"

REFERENCE: Draft Resolution to be Introduced – Number Not Available

Conclusion

Funds are sufficient in the FY 2007 and the proposed FY 2008 through FY 2011 budget and financial plan to implement the provisions of the proposed approval resolution. The fiscal effect, estimated to be \$1.1 million over five years, will be funded from existing resources found in Department of Mental Health (DMH).

Background

The proposed resolution would approve a settlement agreement recommended by the District Office of Labor Relations and Collective Bargaining (OLRCB) on behalf of the District Department of Mental Health (DMH). The proposed three-year agreement would be in effect October 1, 2007 through September 30, 2010 benefiting DMH Psychologists and Psychological Interns. The compensation increases would affect 42 employees with an aggregate salary of approximately \$2.7 million annually.

Terms of the proposed agreement include:

- A 3.25 percent increase to base pay effective October 1, 2007;
- A 4.0 percent increase to base pay effective October 1, 2008; and

- A 4.0 percent increase to base pay effective October 1, 2009.

In addition, the proposed agreement also includes \$25 per month for transit passes for personal use effective October 1, 2007.

Financial Plan Impact

Funds are sufficient in the FY 2007 budget and the proposed FY 2008 through FY 2011 budget and financial plan to implement the proposed resolution. No additional staff or resource will be required.

The gross costs of implementing the approval resolution are approximately \$132,900 representing the fiscal effects of provisions of the agreement impacting FY 2008.¹ The local portion of this amount is approximately \$127,600. The table in Figure 1 presents the personnel services costs² associated with implementing the provisions of the proposed agreement.³

Figure 1.

Estimated Expenditure Impact to the Financial Plan					
(\$ in 000s)					
FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	5 – Year Total
\$0.0	\$127.6	\$248.1	\$373.3	\$384.6	\$1,133.6

¹ Base salary and benefits expended against local sources.

² Figures include salary and benefits.

³ The D.C. Retirement Board determines local funding requirements periodically through an actuarial study. Adjustments are a funding requirement to the third subsequent fiscal year following implementation to maintain an account's full funding status.